

CONDITIONAL COMMITMENT FOR GUARANTEE

TO: Lender	Case No.
Lender's Address	State
Borrower	County
Type of Loan	Principal Amount of Loan \$

From an examination of information supplied by the Lender on the above proposed loan, and other relevant information deemed necessary, it appears that the transaction can be properly completed.

Therefore, the United States of America acting through _____^{1/} or any successor agency, the United States Department of Agriculture (USDA) (herein referred to as "Government") hereby agrees that, in accordance with applicable provisions of Government regulations published in the Federal Register and related forms, it will execute the "Loan Note Guarantee," subject to the conditions and requirements specified in said regulations and below.

The fee payable by the lender to the Government will be the amount as specified in the regulations on the date of this Conditional Commitment for Guarantee. The interest rate for the loan is _____%^{2/}. If the rate is variable, it must be indexed with a rate which cannot change more often than _____^{3/}, and published in a financial publication specifically agreed to between the Lender and its borrower.

A Loan Note Guarantee will not be issued until the Lender certifies that there has been no adverse change in the borrower's financial condition, nor any other adverse change in the borrower's condition during the period of time from issuance of the Conditional Commitment for Guarantee to the date of Lender's certification. The Lender's certification must address all adverse changes and be supported by financial statements of the borrower and its guarantors not more than 60 days old at the time of certification. As used in this paragraph only, the term "borrower" includes any parent, affiliate, or subsidiary of the borrower.

This Conditional commitment for Guarantee is null and void unless the conditions are accepted by the Lender and borrower within 60 days from the date of issuance by the Government. Any negotiations for revisions of these conditions must be completed by that time.

Except as set out below, the purposes for which loan funds may be used are set out on the Application for Loan and Loan Note Guarantee. Upon acceptance by Lender and Lender's borrower and return to the Government, no major changes of the conditions or approved loan purposes as listed on the forms will be considered. Additional conditions and requirements including the source and use of funds include _____^{4/}.

This Conditional Commitment will expire on _____^{5/} unless the time is extended in writing by the Government. The Lender for Guarantee may terminate this Conditional Commitment for Guarantee at any time by written notification to the Government at the address shown below.

UNITED STATES OF AMERICA

By: _____

Date: _____ (Title)

(USDA Agency)

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it display a valid OMB control number. The valid OMB control number for this information collection is 0575-0137. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

ACCEPTANCE OF CONDITIONS

To: _____
(Insert name of USDA Agency from which a guarantee is requested).

The conditions of this Conditional Commitment for Guarantee including attachments are acceptable and the undersigned intends to proceed with the loan transaction and request issuance of a Loan Note Guarantee within _____ days.

(Name of Lender)

By: _____
(Signature for Lender)

(Signature for Borrower)

- 1/ Insert name of agency executing Conditional Commitment for Guarantee.
- 2/ Insert fixed interest rate or, if authorized by regulations, variable interest rate followed by a "V" and the appropriate loan rate.
- 3/ Insert the period prescribed in the applicable RD regulation. For CP loans "annually" will be inserted in this space.
- 4/ Insert any additional conditions or requirements in this space or on an attachment referred to in this space; otherwise insert "NONE".
- 5/ The Government will determine the expiration date of this contract. Consideration will be given to the date indicated by the lender in the acceptance of conditions. If construction is involved the expiration date will correspond with the projected completion of the project.